

## MEMO

To: City Council

Date: July 14, 2015

From: Tex Bradford

Re: Time of Day Rate Policy

The City electric department has had a Time of Day Rate policy in place since 1998 that allows for city residential electric customers to voluntarily participate in a Time of Day Rate should they so choose. Out of approximately 4,200 total electric meters there are currently 15 residential customers utilizing the Time of Day Rate and no commercial customers. City staff is proposing to amend the current policy to allow city commercial customers to voluntarily participate in this program if they so choose at the same published rate as the residential customers. Staff also recommends that any new residential or commercial customers that choose to participate in the program must do so for a twelve month period before changing back to the standard electric rates. The additional cost of meters, meter reading, billing, and the possibility of switching back and forth seasonally which would negate any savings the city may see in our purchased power billings in regards to demand charges and is the reason we can offer the lower off peak rate without other customers subsidizing Time of Day customers.

The following is a short explanation as to why a customer may want to participate in the Time of Day Rate Program as it is not for everyone. For those choosing to participate there is potential for cost savings although not necessarily savings in overall kWh used. It requires shifting electric power usage patterns to use more power during off peak times (From 10 Am to 5Pm and from 9PM to 5AM) and using less during on peak times (6 AM to 10 Am and from 5Pm to 9 PM). This does not work for everyone since it would cost more for those who do not shift to the usage patterns above.

The reason the city can offer this as a voluntary program is that should customers shift part of their load from on peak times to off peak times it reduces the city's demand therefore the cost the city pays for demand charges from our power suppliers. What if many customers chose to participate in the Time of use Program and reversed the city's on peak and off peak times? We would have to evaluate and adjust on peak and off peak times accordingly. This is unlikely due to our city load factors although some utilities with many large commercial and large irrigators found themselves in that predicament some years back.

Staff recommends council approval to adopt the attached Ordinance in Regards to the amending the City Time of Day rate Policy with the following schedule:

July 28, 2015	First reading of the Ordinance
September 8, 2015	Public Hearing
September 8, 2015	Second Reading of the Ordinance

City Clerk Gail Davidson will answer any questions regarding the above schedule and notification requirements which will be published and included in Utility billings.